

Message Text

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ACTION EB-07

INFO OCT-01 ARA-14 EUR-12 EA-09 ISO-00 SS-15 SSO-00
NSC-05 CAB-05 CIAE-00 COME-00 DODE-00 DOTE-00
INR-07 NSAE-00 EPG-02 FAA-00 L-03 H-02 INRE-00
PA-02 PRS-01 USIE-00 /085 W
-----038920 220837Z /10

O P 220814Z JUN 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 5368
WHITE HOUSE IMMEDIATE
INFO AMCONSUL HONG KONG PRIORITY
AMCONSUL HAMILTON PRIORITY
AMEMBASSY BRIDGETOWN PRIORITY

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WHITE HOUSE FOR JOHNSTON
STATE FOR E, EB
PASS DOT (ADAMS, DAVENPORT, KAMM, JEWELL), CAB (KAHN,
RODRIGUEZ)

E.O. 11652: N/A
TAGS: EAIR, UK
SUBJECT: US-UK CIVAIR AGREEMENT: PRESS STATEMENT

1. FOLLOWING IS TEXT OF PRESS STATEMENT ISSUED TODAY.
USDEL REQUESTS THIS BE GIVEN IMMEDIATE RELEASE.

2. BEGIN TEXT. THE UNITED STATES AND THE UNITED

KINGDOM TODAY ANNOUNCED THE INITIALING OF A NEW AIR SERVICES AGREEMENT TO REPLACE THEIR EXISTING BILATERAL AGREEMENT, COMMONLY KNOWN AS THE BERMUDA AGREEMENT, WHICH EXPIRED AT MIDNIGHT ON JUNE 21, 1977. THE NEW AGREEMENT, WHICH WILL BE REVIEWED BY BOTH SIDES AND SIGNED IN BERMUDA, POSSIBLY AS EARLY AS MID-JULY, WILL

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GOVERN AIR SERVICES ON NORTH ATLANTIC, PACIFIC, BERMUDA, AND CARIBBEAN ROUTES FOR AIRLINES OF BOTH COUNTRIES. UNDER THE NEW ACCORD THOSE AIRLINES WILL HAVE SIGNIFICANT NEW ROUTE OPPORTUNITIES AND OPERATING FLEXIBILITY. MECHANISMS HAVE BEEN ESTABLISHED FOR THE REVIEW OF RATES AND, IN CERTAIN SITUATIONS, OF AIRLINE CAPACITY AS WELL, IN ORDER TO PROMOTE MORE EFFICIENT AND ECONOMICAL SER-

VICE FOR THE PUBLIC. MOREOVER, FOR THE FIRST TIME, SCHEDULED AND CHARTER AIR SERVICES ARE LINKED IN A MAJOR BILATERAL AGREEMENT. PENDING SIGNATURE OF THE NEW AGREEMENT, AIR SERVICES BETWEEN THE TWO COUNTRIES WILL CONTINUE AS UNDER THE ORIGINAL BERMUDA AGREEMENT.

3. UNITED STATES SPECIAL AMBASSADOR ALAN S. BOYD, HEAD OF THE UNITED STATES DELEGATION, STATED THAT "THE AGREEMENT WILL PROVIDE SIGNIFICANT NEW OPPORTUNITIES FOR THE AIRLINES OF BOTH NATIONS, AND PROMISES REAL BENEFITS TO THE TRAVELLING PUBLIC. BASIC DECISIONS CONCERNING THE PROVISION OF AIR SERVICES WILL CONTINUE TO BE MADE BY THE AIRLINES, SUBJECT TO GOVERNMENTAL APPROVAL OF RATES AND REVIEW OF CAPACITY THAT IS DEEMED TO BE EXCESSIVE. WE EXPECT TO SEE AIR SERVICES EXPAND AND BECOME INCREASINGLY EFFICIENT."

4. EACH COUNTRY WILL HAVE THE RIGHT TO DESIGNATE TWO FLAG CARRIERS TO CONDUCT SERVICES ON TWO NORTH ATLANTIC ROUTES.

5. ON NORTH ATLANTIC ROUTES THE UNITED STATES AND UNITED KINGDOM WILL EACH BE PERMITTED TO DESIGNATE 2 AIRLINES TO OPERATE THE NEW YORK-LONDON AND THE LOS ANGELES-LONDON ROUTES.

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6. AIRLINES OF BOTH COUNTRIES OBTAIN OPERATING RIGHTS FROM FOUR NEW UNITED STATES CITIES TO LONDON. IN THE FIRST THREE YEARS OF THE AGREEMENT, UNITED STATES AIRLINES WILL BE AUTHORIZED TO SERVE ATLANTA AND DALLAS/FT. WORTH NONSTOP TO LONDON; A BRITISH AIRLINE WILL BE AUTHORIZED TO SERVE HOUSTON. AFTER THIS THREE YEAR PERIOD, AIRLINES OF BOTH NATIONS WILL BE AUTHORIZED TO OPERATE THESE ROUTES, AND THE UNITED STATES WILL BE FREE TO SELECT A NEW GATEWAY POINT FOR NONSTOP AIR SERVICES TO LONDON. BRITISH COMPETITION TO THE PRESENT UNITED STATES FLAG SERVICE FROM SEATTLE TO LONDON WILL BE PERMITTED IN THE NEW AGREEMENT. IN ADDITION THE UNITED STATES RECEIVES THE RIGHTS TO FLY BETWEEN ANCHORAGE AND LONDON, A ROUTE THAT BRITISH AIRWAYS TODAY OPERATES EN ROUTE TO TOKYO. THE PRESENT REQUIREMENT THAT LONDON-SAN FRANCISCO FLIGHTS BY A UNITED KINGDOM AIRLINE OPERATE VIA NEW YORK WILL BE DROPPED. AS A RESULT, IT CAN BE ANTICIPATED THAT BRITISH AIRWAYS WILL SOON INAUGURATE LONDON-SAN FRANCISCO NONSTOP SERVICE.

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7. IN THE PACIFIC THE UNITED STATES OBTAINED NEW OPERATING RIGHTS TO SINGAPORE. A UNITED KINGDOM AIR-LINE WILL RECEIVE ADDITIONAL RIGHTS BETWEEN HONG KONG AND THE UNITED STATES WEST COAST VIA JAPAN.

8. OBSOLETE OPERATING RESTRICTIONS IMPOSED ON UNITED STATES AIRLINES IN THE OLD AGREEMENT WERE DROPPED. AMBASSADOR BOYD STATED, "THE NEW ROUTE STRUCTURE IS EXPECTED TO RESULT IN MORE FLEXIBLE AND ECONOMIC AIR-LINE OPERATIONS FOR AIRLINES OF BOTH COUNTRIES AND BETTER SERVICE TO THE PUBLIC."

9. A SPECIAL CONSULTATIVE PROCESS HAS BEEN AGREED TO PREVENT THE UNNECESSARY OPERATION OF EMPTY SEATS ON NORTH ATLANTIC ROUTES. THIS PROCESS MAY BE INVOKED BY EITHER COUNTRY IN EXCEPTIONAL CASES IF AN AIRLINE APPEARS TO BE OPERATING TOO MANY FLIGHTS. THE PRO-
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CEDURES DO NOT GIVE EITHER GOVERNMENT A VETO OVER INDIVIDUAL AIRLINE FLIGHTS, BUT DO MEET UNITED KINGDOM CONCERNS THAT INCREASES IN FLIGHTS BE REVIEWED BY THEM IF

THEY APPEAR EXCESSIVE.

10. TO PROTECT CONSUMERS AND ASSURE THAT SERVICES ARE ECONOMICALLY VIABLE, NEW PROCEDURES FOR REVIEWING THE PRICES CHARGED BY AIRLINES OF THE TWO COUNTRIES HAVE ALSO BEEN AGREED. IN ADDITION, A SPECIAL WORKING GROUP WILL BE SET UP TO MAKE RECOMMENDATIONS ON PRICING POLICY TO THE TWO GOVERNMENTS.

11. FOR THE FIRST TIME IN A MAJOR AIR SERVICES BILATERAL AGREEMENT, CHARTER AIR SERVICES ARE INCLUDED TOGETHER WITH SCHEDULED SERVICES, ALTHOUGH CERTAIN DETAILS REMAIN TO BE WORKED OUT AT A FUTURE DATE. IN THE INTERIM BOTH SIDES HAVE AGREED TO INCORPORATE THE EXISTING UNDERSTANDING ON CHARTER SERVICES IN THE BASIC AGREEMENT AND APPLY CERTAIN PROVISIONS OF THE BASIC AGREEMENT TO CHARTERS. END TEXT.

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